

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED TARIFF OF BOONE COUNTY WATER) CASE NO.
AND SEWER DISTRICT FOR SEWER CAPACITY FEE) 91-374

O R D E R

IT IS ORDERED that Boone County Water and Sewer District ("Boone District") shall file the original and 12 copies of the following information with the Commission within 21 days from the date of this Order, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. State the date when construction on the Southeast Line began.

2. a. If construction of the Southeast Line has been completed, state the date of completion and the date when it was placed in service.

b. If construction of the Southeast Line has not been completed, list and describe the projects which have yet to be completed. State the expected completion date.

3. Provide all agreements between Boone District and Sanitation District No. 1 of Campbell and Kenton Counties ("Sanitation District No. 1") which relate to the Southeast Line.

4. a. State the number of residential and non-residential customers expected to be served by the Southeast Line.

b. State all assumptions used to derive the number of expected customers.

c. Provide all reports and studies used to derive number of expected customers.

5. State the maximum daily flow which the Southeast Line is capable of handling.

6. Explain how the capacity fee assessed by Sanitation District No. 1 is determined.

7. a. Explain why 400 gallons daily usage is assumed for single family residential units.

b. State all assumptions used to derive this amount.

c. Identify all publications and studies used to derive this amount.

8. Identify all studies conducted or used by Boone District to assess the developmental potential of the area served by the Southeast Line.

9. Explain why Boone District should be allowed to recover the construction costs of the Southeast Line's through a capacity fee rather than a depreciation expense component of service rates.

10. a. List all wastewater treatment plants which have been or will be eliminated by the Southeast Line.

b. For each wastewater treatment plant eliminated, state the number of customers which it served and the amount of capacity fees paid for its customers to connect to the Southeast Line.

11. List and describe the services included in the monthly service charge assessed to customers of the Southeast Line.

12. Identify the services which Boone District performs in return for the capacity fee.

13. List each major component of the Southeast Line and state its useful life.

14. State the basis for Boone District's assumption that costs associated with the Southeast Line will be recovered over a 20-year period if the proposed capacity fee is assessed.

15. a. Explain how undeveloped land will receive a greater benefit from the Southeast Line than developed land already served by wastewater treatment plants.

b. State how Boone District quantified the benefits produced by the Southeast Line.

16. Explain why the proposed capacity fee makes no provision for an industrial or commercial user which increases its sewage output after its initial year of use.

17. Identify any restrictions to be placed on the use of the proceeds of the proposed capacity fee.

18. Provide all documents related to or discussing the bond anticipation notes issued to finance the construction of the Southeast Line.

19. State when bonds to refinance the bond anticipation notes and cover other costs of Southeast Line will be issued.

20. Explain why bonds to finance the Southeast Line have not yet been issued.

21. a. Explain why an annual interest rate of 8.5 percent is used to calculate interest payments on the expected bond issuance.

b. State whether the calculations for interest payments should use a lower interest rate in light of recent financial market conditions.

22. Provide all agreements between Boone District and local developers which deal with the Southeast Line.

23. State how the proceeds of the 1988 Bond Anticipation Note were used.

24. Refer to Special Charge Cost Schedule. Provide all calculations which show how the Total Construction Requirement of \$2,516,082.43 was derived.

Done at Frankfort, Kentucky, this 2nd day of December, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director